



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 17, 1998

Frank Fossey
Rio Algom Mining Corp.
La Sal Route
Moab, Utah 84532

Re: Additional Information, Rio Algom Mining Corp., Lisbon Mine, M/037/001, San Juan County, Utah

Dear Mr. Fossey:

Here is the additional information I agreed to research during the site inspection of February 20, 1998. Please let me know of your findings regarding the sediments from the barium treatment ponds.

Status of vent shaft release

The Division performed a site inspection on 11/19/92 which made reference to the reclamation release of the vent shaft site. A copy of the inspection memo is enclosed. No record of a written request for reclamation release and bond reduction from Rio Algom was found in the Division files.

Subsurface shaft plugs

A Division memo of 8/18/80 documents the acceptance of shaft plugging without the use of subsurface plugs. A copy of this memo which references a planned presentation to the Board is enclosed. No documents were found after this memo which described a denial of this proposal by the Board.

Division position on BLM Borrow Areas

In a September 27, 1989 letter the Division did not consider the borrow areas located on BLM lands to be within Division jurisdiction because these borrow areas were specifically for reclamation of the tailings facility which was under NRC jurisdiction. A copy of this letter is enclosed.

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M/037/001
April 17, 1998

Closing of exploration drill holes or monitoring wells

No specific documentation which described plugging drill holes or monitoring wells was found in the Division files.

Status of reclamation surety

The Division currently holds a reclamation surety in the form of a collateral bond (escrow) with First Security Bank now totaling \$29,773. The original reclamation estimate prepared by the Division in August 1980 was for \$25,000 in terms of 1985 dollars.

With respect to the surety, Rio Algom has performed a majority of the reclamation considered within the jurisdiction of the Division and therefore the surety amount could be reduced to reflect the reclamation completed to date; however, the reclamation surety will need to be adjusted to current 1998 dollars and escalated five years into the future. Rio Algom should submit a letter describing the reclamation which has been completed to date and the reclamation remaining which are within Division jurisdiction and propose a dollar amount of the surety to be released at this time.

The Division will need a written request for surety reduction before proceeding with the surety adjustments. If you have any questions regarding this letter please contact me at (801) 538-5267.

Sincerely,



Anthony A. Gallegos
Senior Reclamation Specialist

jb

Enclosures: 11/19/92 memo, 8/18/80 memo, 9/27/89 letter
cc: Sal Venticinque, BLM Moab Field Office
o:\m37-01ad.inf

BOND ESTIMATE

OPERATOR: Rio Algom Corporation File No. ACT/037/001
MINE NAME: Lisbon Mine (Two (2) shafts)
LOCATION: Sec. 21, 22, 27, 28 T.29 S., R.24 E., SLB&M
COUNTY: San Juan County, Utah
DATE: August 20, 1980

	OPERATION	AMOUNT	RATE	COST
A.	CLEAN-UP 1. Removal of structures & equipment. 2. Removal of trash & debris. 3. Leveling of ancillary facilities pads and access roads.	30 hrs. crane	\$50.00	1,500.00
B.	REGRADING & RECONTOURING 1. Earthwork including haulage and grading of spoils, waste and overburden. 2. Recontouring of highwalls and excavations. 3. Spreading of soil or surficial materials.	40 hrs. Bulldozer grading 600 yds. fill	\$80.00/hr. \$ 3.00/yd.	3,200.00 1,800.00
C.	STABILIZATION 1. Soil preparation, scarification, fertilization, etc. 2. Seeding or planting. 3. Construction of terraces, water-bars, etc.	N/A		
D.	LABOR 1. Supervision. 2. Labor exclusive of bulldozer time.	4 men, 48 hrs.	\$10.00/hr.	1,920.00
E.	SAFETY 1. Erection of fences, portal coverings, etc. 2. Removal or neutralization of explosive or hazardous materials.	23-1/2 yds. concrete 1,149 #4 rein-forcing bar 2,232 lbs. 12' WF 31 steel beams 6,200 lbs. 12' I31 steel beams	\$60.00/yd. \$.30/lb. \$.30/lb. \$.30/lb.	1,410.00 344.70 669.60 1,860.00
F.	MONITORING 1. Continuing or periodic monitoring, sampling & testing deemed necessary.		SUBTOTAL	12,704.30
G.	OTHER 1. Inflation to 12/31/85.	5-1/4 years	at 13%/yr.	11,463.00
			TOTAL	24,167.00

This estimate is based upon surface capping of two 18 ft. diameter 12 inch concrete lined shafts. See attached Proposal for specifics of work on each shaft.

PROPOSAL - SURFACE CAPPING OF SHAFTS

Vent Shaft

Install reinforced concrete pad supported by 12" WF 31 steel beams. Include 6" capped pipe inspection window. Grade with well compacted fill. Remove debris, etc.

Cost

Crane - 10 hrs. @ \$50.00/hr.	\$ 500.00
Concrete - 7½ yds. @ \$60.00/yd.	450.00
Reinforcing - 457 lbs. #4 bar @ \$.30/lb.	137.10
12" WF 31 Steel Beams - 2,232 lbs. @ \$.30/lb.	669.60
Labor - 4 men, 16 hrs. @ \$10.00/hr.	640.00
Grading - 10 hrs. Bulldozer @ \$80.00/hr.	<u>800.00</u>
TOTAL	\$3,196.70

Production Shaft

Install reinforced concrete pad supported by 12" I 31 beams. Include 6" capped pipe for inspection window. Pad to be installed at line of sub-collar.

Fill to level of main collar with spoil and grade with well compacted fill. Remove debris, etc.

Cost

Crane - 20 hrs. @ \$50.00/hr.	\$1,000.00
Concrete - 16 yds. @ \$60.00/yd.	960.00
Reinforcing - 692 lbs. @ \$.30/lb.	207.60
12" I 31 Steel Beams - 6,200 lbs. @ \$.30/lb.	1,860.00
Labor - 4 men, 32 hrs. @ \$10.00/hr.	1,280.00
Site Grading - 30 hrs. Bulldozer @ \$80.00/hr.	2,400.00
600 yds. fill @ \$3.00/yd.	<u>1,800.00</u>
TOTAL	<u>\$9,507.60</u>

TOTAL 2 SHAFTS \$12,704.30

5¼ yrs. @ 13% 11,463.00

TOTAL ESCROW \$24,167.00

MS.